

# Negotiation

We are all involved negotiation of some kind on an almost daily basis. Negotiation techniques apply to a wide range of everyday activities and are used extensively at all levels of business, including sales, debt and loan negotiations, contracts negotiating, buying negotiations, salary and employment contracts, and to countless other negotiating situations. Negotiation is vital for any organization's overall effectiveness. Organizational effectiveness is a product of activities within a system - internal and external. Negotiation is critical to establishing the internal system (structure, people, functions, plans, measures, etc), and the organization's relationship to the external system (markets, suppliers, technology, etc). Negotiation is also critical to optimizing the performance of activities internally and externally (principally through communication, by people). Good sales negotiation with customers can easily add 10% to sales revenues, which arguably goes straight to the bottom line as incremental profit. Good purchasing negotiation can easily save 10% of the cost of bought in products and services, which again arguably goes straight to the bottom line as extra profit. Good negotiation by managers in dealing with staff can easily reduce staff

turnover by 5-10%, which reduces recruitment and training costs by at least the same percentage, as well as improving quality, consistency and competitive advantage, which for many companies is the difference between ultimate success and failure. Good negotiation by executives with regulatory and planning authorities enables opening new markets, developing new technologies, and the choice of where the business operates and is based, all of which individually can make the difference between a business succeeding or failing. Successful debt negotiation with creditors enables a business to continue trading. Failure to negotiate debts often leads to business closure. Salary negotiation affects individuals and organizations, and good negotiation skills on both sides produce positive outcomes for all.

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